County of Cook)
) s.s.
State of Illinois)

DECLARATION OF JOHN BURNSIDE

1. Affiant is an expert in option trading and strategy. Attached as Exhibit "A" is Affiant's curriculum vita.

2. Affiant has been retained to review the trading of Long Leaf Trading Group, Inc. ("Long Leaf") while James Donelson ("Donelson") was a principal.

3. Scope of Engagement. Affiant has been engaged by counsel for James Donelson to review the trading option trading strategy for those trades recommended by Long Leaf Trading Group, LLC to its customers during the period of December 1, 2017 to present.

4. Material Reviewed. Consistent with the above engagement, Affiant reviewed the following:

   - Trading History of Long Leaf with position description and actual options traded.
   - Quikstrike analysis of certain trades
   - Trade narrative provided by Donelson

5. Affiant's Opinion

   a. Recognized options trading strategies, while carrying different risks based upon the goals of a specific trade, have their basis in the same strategies that either seeks to profit from time decay, increased or decrease volatility of the under lying futures contract, the price movement of the underlying commodity futures contract, or some other aspect an option inherent characteristic. While specific strategies can be tweaked to reduce risk, increase the profit potential, or reduce the cost of the strategy, all strategies are based on these fundamental characteristic common to all options.

   b. Prior to December of 2017, the primary strategy employed by Long Leaf was to sell a condor spread, i.e. the sale of both a put vertical spread and a call vertical spread are both sold. The goal is for both spreads expire worthless, meaning that the underlying contract ends up between the two short strikes. This strategy also can limit losses since each spread has a stop loss point. Even if one of the vertical spreads ends up in the money, the premium from other vertical spread that was sold offsets some of the loss since both spreads cannot simultaneously be "in the money".

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c. Selling condors, as well as selling strangles, became very popular in all asset classes after the 2008-2009 financial crisis because the ensuing increased volatility elevated option values in all asset classes. In time, volatility eventually decreased and, with it, option pricing. Therefore, options strategies seeking to benefit from time and premium decay required increase risk to generate similar returns.

d. When any recognized option spread strategy is established, the spread inherently limits risk while providing an opportunity to profit.

e. This brings us to December of 2017 and beyond. In order to generate profits in December 2017 and after, options option traders need to adapt, basically using three new strategies: 1) was a "broken" butterfly strategy, 2) was a calendar, or time spread, and 3) was a gut vertical. In each strategy there were goals and reasons for the trades.

f. First, the "broken" butterfly. A "pure' butterfly strategy is when the option "wings" are purchased and twice as many options comprising the "guts" are sold. Using corn futures options, the "butterfly" would consist of three call options with, for example, strike prices of \$3.60, \$3.80, and \$4.00.: call buying one \$3.60 call, selling two \$3.80 calls, and buying one \$4.00 call. The optimum goal is for the underlying corn futures contract to close at \$3.80, thereby generating the strategy's greatest profit potential. A "broken butterfly" lack the symmetry of a "pure butterfly" and may look like this: long one \$3.60 call, short two \$3.90 calls, and long one \$4.10 call. This strategy has a long bias to it, while having limited risk. In this "broken butterfly" the goal is to for the contract to close at or near \$3.90; however, if it does not, there is limited risk on both the upside and the downside.

g. Second, the calendar or time spread. Sometimes options contracts with a nearer term expiration date become either much more expensive or much cheaper than the option contracts with longer expiration dates. Therefore, there can be times when a volatility difference can be exposed in such a situation and then hedged. In a normal time spread, one would buy the options contracts with the longer expiration date and sell the option contracts with a shorter expiration date with the expectation of retaining the options premium collected on the near-term options contract and profiting from a subsequent increase in value of the long-term options contract.

h. Finally, the "gut" vertical spread. Since the spread utilizes both long and short options contracts in the same futures contract, there is limited risk. The goal for this strategy is a hybrid of a calendar spread, a butterfly spread, and a vertical spread. The goal of this strategy is to try to take advantage of the options' time decay and allow the owner of the "guts" (i.e. the option contracts around which the spread is built) to have access to a larger price

move of those options contracts, or to sell other options against the long position, depending on short-term price movements.

i. Again, the above strategies are appropriate for the lower volatility environment that has been present for some time in many of the asset classes that were traded.

j. Good risk management sometimes dictates that even when some of the short options contracts decline in price to a near zero value that the trader buy-in the short position so as to not risk that a sudden price movement will erode some of the unrealized profit in the spread. Such actions are prudent risk management since one never knows what can or will happen in the market. Any seasoned trader or valuable risk manager would spend such minimal purchase prices as a cost of insurance against an adverse price movement.

6. CONCLUSION

For the reasons stated above, it is Affiant's opinion that the trading strategy for the recommended option trades under Donelson's supervision, could not only make money, but given the environment, made sense to recommend those option positions.

Affiant further sayeth naught.

Dated this 22nd day of January 2020

John Burnside

1996-

John F. Burnside
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Qualification Summary: Multi-dimensional leader in asset management, derivatives, capital markets and trading operations. Excellent track record in building core businesses from inception into profitable enterprises by delivering value-enhanced insights and services to institutional clients premised on trading and risk analysis expertise. Twenty years diverse experience encompassing all facets of derivative trading.

Trading Strategies	Trading Floor Operations	Market Making/Liquidity Provider
Risk Management	Regulatory Compliance	Education and Training
Portfolio Hedging	Trading Technology	Capital/Margin Management

Subject Matter Expertise Engagements

- Market Commentary guest on Tasty Trade sponsored Liz Jenny show and CBOE TV broadcasts;
- Expert witness on trading strategies and procedures;
- Served on Chicago Board Options Exchange (CBOE) Committees:
  Equity Floor Procedures, Membership, Allocation and Business Conduct (Chairman 2001 – 2003).

Employment History

Managing Director/Founder — May 2013 – Present
Freeboard Capital, LLC — Chicago, IL

Principal of an advisory firm specializing in risk management and income enhancing strategies for concentrated equity holdings.

Portfolio Strategist — January 2012 – May 2013
Saliba Portfolio Management, LLC — Chicago, IL

Investment strategist responsible for developing and implementing profitable hedging strategy for a multi-asset hedge fund portfolio.

Partner/Trader — March 2006 – January 2012
G-Bar, LLC — Chicago, IL

Partner charged with developing and executing trading strategies. Effectively managed risk of equity portfolio during 2008 market collapse.

Vice President — February 2003 – March 2006
TD Options, LLC — Chicago, IL

Officer responsible for CBOE trading floor staff and operations for a large-scale options market maker firm with a retail and institutional client base.

Lead Specialist — July 1999 – March 2003
Susquehanna Investment Group — Chicago, IL

Lead trader in McDonald's trading pit charged with business development centered on providing quality markets to a global client base.

Education

Indiana University – B.S. in Accounting — Graduated 1986

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